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MILLER NASH LLP

CHARTIS



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January 7, 2011

Miller Nash
500 East Broadway Suite 400
Vancouver, Washington 98660-3324

Attn: Steven F. Hill

Re: 87-006071

Ass'd: Kaiser Gypsum Company, Inc.

Claim Type: Pollution – Lower Duwamish Waterway

Policy: 75-100337

Gentlemen:

Chartis International (fka) American International Underwriters is in receipt of your correspondence dated 12/21/2010 notifying us of a pollution claim at the Lower Duwamish Waterway Superfund site.

We wish to take this opportunity to remind you that the captioned policy is an excess policy that does not begin to incur liability until the claim matter is in excess of \$100,000,000 as Kaiser's share. It is also found that the policy is endorsed with a pollution-seepage exclusion that would bar any pollution claim for damages or clean up to the waterway site.

Under the circumstances, Chartis International is of the opinion that policy coverage would not extend to Kaiser Gypsum for the contamination alleged by the USEPA. You should continue to act in the best interests of Kaiser Gypsum Company, Inc..

Sincerely,

Werner Ahrenstedt

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